



AMERICAN
SERVICE
INSURANCE

November 15, 2007

Mr. Ramon Villarreal
President
Underwriters MGA Inc.
2007 Griffin Parkway
Mission, TX 78572

RE: Modified Termination Agreement

Dear Ramon:

On November 7, 2007 we issued a letter terminating your Non Resident Personal and Commercial Auto program effective November 12, 2007. The following modified agreement was reached between American Service Insurance Company (ASI) and NAFTA General Agency and Underwriters MGA (NAFTA/UMGA) on November 13, 2007 which revises the terms of the termination as follows:

-NAFTA/UMGA will be allowed to continue to write business until 12/31/07. Under no circumstances will new or renewal business be written after that date. For business written with effective dates prior to 11/15/07, NAFTA/UMGA will be allowed to keep commissions and fees per our Program Manager Agreement. Any business written with an effective date on or after 11/15/07 shall comply with the following provisions jointly agreed to by both ASI and NAFTA/UMGA:

4. One hundred (100%) of all premiums and fees generated by policies written by NAFTA/UMGA shall be sent to ASI.
5. New rates given to Danny Hernandez which increase rates for Personal term and certificates +50% and Commercial Certs +10% will be put into effect 11/15/07 and shall continue indefinitely.
6. A confirmation from Falcon Bank that our letter of credit (LOC) of \$250,000 has been renewed and is in full effect or a replacement LOC for identical terms and amounts described in the Falcon Bank LOC is presented to us before 11/30/07.

All three provisions above must be met by the dates specified to continue this modified termination agreement. Should any of these provisions or dates not be met ASI will consider our Program Manager Agreement to be immediately terminated effective 11/30/2007. Should you have any questions regarding the above terms please call me.

Sincerely,


Stephen Bosy
Vice President

